REMARKS:

1. Claims 1-20 are in the case; claims 15, 19 and 20 were previously amended. Claims 1, 5, 15 and 17 are currently amended. Claims 21-25 are newly added claims. I do not believe that any additional filing fees are due; however, should there be any additional fees due, please charge Deposit Account No. 11-0245. No new matter has been added by the amendments to the claims.

2. 35 U.S.C. § 112, Second Paragraph Rejection. Claim 15 is rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claim 15 has been amended to reflect that there are no "institutional rights" being granted by the customer. The amendment does not change the scope of Claim 15, but merely clarifies that the customer is granting rights in collateral to the financial institution as part of the loan transaction. The term "rights" as it pertains to collateral that is part of a loan transaction has an ordinary and customary meaning to a person of ordinary skill in the art and Applicant submits that such ordinary and customary meaning should be applied to the term "rights" as it pertains to collateral that is part of a loan transaction. Applicant respectfully requests that Examiner withdraw the rejection of claim 15 as being indefinite.

3. 35 U.S.C. § 101 Rejections. Claims 1-20 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Claim 5 has been amended to include the limitation that the interim indicators are generated by a computer. Claims 21-23 are new and include a computer, computer program, and PDA tablet system respectively. These claims contain patentable subject matter under the 35 U.S.C. § 101 and the United

States Court of Appeals for the Federal Circuit's recent decision in *In re Bilski*. 545 F.3d 943 (Fed.Cir. 2003).

Additionally, claims 1-23 meet the transformation part of the machine-or-transformation test for patentable subject matter under 35 U.S.C. § 101 and *Bilski* and therefore also contain patentable subject matter. In *Bilski*, the Federal Circuit stated that "[a] claimed process is patent-eligible if it transforms an article into a different state or thing. This transformation must be central to the purpose of the claimed process." *Bilski*, *supra*, at 962. In *Bilski*, the court noted that the transformation of raw data representing physical and tangible objects into a particular visual depiction of a physical object was patent eligible subject matter. In this case, claims 1-23 are taking physical data pertaining to the environmental risks at a particular site and transforming them into a score, which is a depiction of the environmental risk data in a different form than it was previously. As stated in *Bilski*, "the claims are not required to involve any transformation of the underlying physical object that the data represents." *Bilski*, *supra*, at 963. Therefore claims 1-23 meet the machine-or-transformation analysis required by the Federal Circuit in *Bilski* and applicant respectfully requests that the Examiner withdraw the rejection of claims 1-20 under 35. U.S.C. § 101.

4. 35 U.S.C. § 102(b) and §103(a) Rejections over Apgar. Claims 1-5, 9, 11, 12, 17, 19, and 20 are rejected under 35 U.S.C. § 102(b) or 35 U.S.C. § 103(a) as being either anticipated by, or in the alternative, obvious over Apgar, IV (U.S. Pat. No. 5,680,305) (hereinafter, "Apgar").

Apgar does not anticipate claim 1 within the meaning of 35 U.S.C. § 102. Examiner states that Apgar discloses that "banks, pension funds and insurance companies

are customers of invention as well as property developers/managers, government agencies and many others." (citing Apgar col. 1, line 53-col.2, line 3). Accordingly, Apgar focuses on commercial entities as customers of its invention. Claim 1 is not limited to commercial entities. Claim 1 claims a method for performing an environmental audit in connection with a transaction that comprises assessing the environmental risk associated with a business. The term "transaction" is not limited to those transactions where commercial entities are parties to the transaction.

Additionally, Examiner states that Apgar's definition of "Risk," as included in Apgar's "Score," is "an indicator of the financial, market and environmental exposure of real estate and of the financial, Market and environmental risks associated with the employees and the business entity's occupancy in the real estate." (citing Apgar col. 2, lines 40-61). Apgar goes on to state that risk is evaluated based on "a least one of (i) the location's proximity to naturally occurring and man-made environmental hazards, such as toxic waste sites and radon sites as registered with the Environmental Protection Agency (EPA); (ii) other hazardous indicators, such as asbestos exposure, or building age for determining asbestos exposure, if the presence of asbestos in a real estate is uncertain..." (Apgar col. 13, lines 31-44). Apgar is focused on the real estate's proximity to toxic waste and radon sites. There is no mention in Apgar of assessing the real estate's current or future compliance with environmental laws and regulations or as is required by claim 1. As Apgar does not teach each and every element of claim 1, as noted above, Apgar does not anticipate claim 1 under 35 U.S.C. § 102.

Apgar does not render claim 1 obvious under 35 U.S.C. § 103. Examiner merely states that "[i]t would have been obvious to one of ordinary skill in the art of the

invention to understand that risk assessment would include 'current state of regulatory compliance, and future requirements for regulatory compliance.'" However, Examiner does not disclose why it would have been obvious to one of ordinary skill in the art to modify Apgar to include assessing the current and future environmental regulatory compliance, particularly given that the risk assessment in Apgar is focused on the real estate's proximity to hazardous waste sites and NOT with determining whether the owner/operator of the site is complying with environmental regulations or future compliance issues with the real estate. The examiner bears the initial burden of factually supporting any *prima facie* conclusion of obviousness under MPEP § 2142. If the examiner does not produce a *prima facie* case, the applicant is under no obligation to submit evidence of non-obviousness. MPEP § 2142. Additionally, in the USPTO's Memorandum, dated May 3, 2007 from the Deputy Commissioner for Patent Operations to the Technology Center Directors of the USPTO (hereinafter the "USPTO Memo of May 3, 2007"), the USPTO emphasized that even after the United States Supreme Court's decision in *KSR*, when an examiner is formulating a rejection under 35 U.S.C. § 103(a) based on a combination of prior art elements, "it remains necessary to identify the reason why a person of ordinary skill in the art would have combined the prior art elements in the manner claimed." *USPTO Memo* at 2. Accordingly, a *prima facie* case of obviousness has not been presented. Additionally, Apgar is not relevant art under 35 U.S.C. § 103 because it merely discusses how the value of a business on a particular piece of land or the value of the land itself may be either positively or negatively affected by the proximity of the land to hazardous waste sites. Accordingly, claim 1 is not obvious over Apgar under 35 U.S.C. § 103.

Examiner sited the same reasoning mentioned above to reject claim 17. As stated above, Apgar is focused on the real estate's proximity to toxic waste and radon sites. There is no mention in Apgar of assessing the real estate's current or future compliance with environmental laws and regulations or as is required by claim 17. Since Apgar does not teach each and every element of claim 17, Apgar does not anticipate claim 1 under 35 U.S.C. § 102. Additionally, claim 17 is not obvious over Apgar for the same reasons listed above for claim 1. Particularly, Examiner does not disclose why it would have been obvious to one of ordinary skill in the art to modify Apgar to include assessing the current and future environmental regulatory compliance, particularly given that the risk assessment in Apgar is focused on the real estate's proximity to hazardous waste sites and NOT with determining whether the owner/operator of the site is complying with environmental regulations or future compliance issues with the real estate. The examiner bears the initial burden of factually supporting any *prima facie* conclusion of obviousness under MPEP § 2142. If the examiner does not produce a *prima facie* case, the applicant is under no obligation to submit evidence of non-obviousness. MPEP § 2142. An examiner also must identify the reason why a person of ordinary skill in the art would have combined the prior art elements in the manner claimed. *USPTO Memo* at 2. Accordingly, a *prima facie* case of obviousness has not been presented. Also, Apgar is not relevant art under 35 U.S.C. § 103 because it merely discusses how the value of a business on a particular piece of land or the value of the land itself may be either positively or negatively affected by the proximity of the land to hazardous waste sites. Accordingly, claim 17 is not obvious over Apgar under 35 U.S.C. § 103.

Claim 12 is not anticipated by Apgar under 35 U.S.C. § 102. Claim 12 includes the limitation of providing an explanation of a low score. Apgar's Report does not include any explanation of low scores. (Apgar col. 23, lines 10-17). The report merely states the score for Apgar's five indicators and the aggregate or total score. Therefore Apgar does not contain each and every limitation of claim 12 and does not anticipate claim 12 under 35 U.S.C. § 102.

Additionally, claim 20 is not anticipated by Apgar under 35 U.S.C. § 102. Claim 20 states that the environmental risk comprises the current state of regulatory compliance. As stated above for claims 1 and 17, Apgar does not teach assessing the real estate's current or future compliance with environmental laws and regulations. Accordingly, claim 20 is not anticipated by Apgar under 35 U.S.C. § 102.

As claim 1 is not anticipated by Apgar under 35 U.S.C. § 102, claims 2, 3, 4, 5, 9, and 11, all of which depend from claim 1, are not anticipated by Apgar under 35 U.S.C. § 102. Additionally, since claim 1 is non-obvious over Apgar under 35 U.S.C. § 103, all the claims that depend from it are non-obvious, including claims 2, 3, 4, 5, 9, 11, 12, and 20. Accordingly, applicant respectfully requests that Examiner withdraw the rejections of claims 1, 2, 3, 4, 5, 9, 11, 12, 17, and 20 for the reasons stated above.

5. 35 U.S.C. § 103(a) Rejections of Claim 6 over Apgar in view of Burton.

Claim 6 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Apgar in view of Burton (U.S. Pat. No. 6,782,321) (hereinafter, "Burton"). As claim 1 is neither anticipated by, nor obvious over Apgar, claim 6, which depends from claim 1, is also novel and non-obvious over Apgar. Additionally, the combination of Apgar and Burton does not teach each and every element of claim 6. As mentioned above in section 4,

Apgar is focused on the real estate's proximity to toxic waste and radon sites. There is no mention in Apgar of assessing the real estate's current or future compliance with environmental laws and regulations or as is required by claim 6 due to its dependency from claim 1. Burton also does not teach assessing the environmental risk associated with a current and/or future state of regulatory compliance, as is required by claim 6 due to its dependency from claim 1. Additionally, a person of ordinary skill in the art looking at Apgar would not combine the teachings in Apgar with the teachings in Burton. Apgar is focused on the profitability of a business located on a particular piece of property or the physical property itself due to the proximity of the property to registered hazardous sites as compared to similarly situated businesses and/or physical properties. Therefore a person of ordinary skill in the art would not look to Burton, which teaches the mapping of physical features of a particular site and a system of determining how such features will affect contamination of that site in the future, to modify Apgar because Apgar does not pertain to the environmental hazards located on a particular site but merely the sites' proximity to a location which does contain hazardous material. Accordingly, claim 6 is non-obvious over Apgar in view of Burton under 35 U.S.C. § 103 and applicant respectfully requests that Examiner withdraw the rejection of claim 6.

6. 35 U.S.C. § 103(a) Rejections of Claim 10 over Apgar in view of McDaniel.

Claim 10 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Apgar in view of McDaniel et al. (U.S. Pat. No. 5,105,365) (hereinafter, "McDaniel"). As claim 1 is neither anticipated by, nor obvious over Apgar, claim 10 is also novel and non-obvious over Apgar because claim 10 depends from claim 1. Additionally, the combination of Apgar and McDaniel does not teach each and every element of claim 10. As mentioned

above in section 4, Apgar is focused on the real estate's proximity to toxic waste and radon sites. There is no mention in Apgar of assessing the real estate's current or future compliance with environmental laws and regulations or as is required by claim 10 due to its dependency from claim 1. McDaniel also does not teach that the indicators are alphabetical references. As shown in Figure 3(a) in McDaniel, McDaniel discloses listing of substances in a table in alphabetical order. Claim 10 does not require the listing of indicators in alphabetical order. In fact, there is no reference to alphabetical order in claim 10. Instead, claim 10 requires that the indicators be alphabetical characters. Under claim 10, the alphabetical characters can be arbitrary and do not have to be listed in any particular order, be it alphabetical or otherwise. Additionally, a person of ordinary skill in the art looking at Apgar would not combine the teachings in Apgar with the teachings in McDaniel. Apgar is focused on the profitability of a business located on a particular piece of property or the physical property itself due to the proximity of the property to registered hazardous sites as compared to similarly situated businesses and/or physical properties. Therefore a person of ordinary skill in the art would not look to McDaniel, which teaches the listing of individual employees' exposure levels to certain hazardous materials, to modify Apgar because Apgar does not pertain to employee exposure to hazardous materials and is instead focused on a physical sites' proximity to a location which does contain hazardous material. Accordingly, claim 10 is non-obvious over Apgar in view of McDaniel under 35 U.S.C. § 103. For the reasons stated above, applicant respectfully requests that Examiner withdraw the rejection of claim 10.

7. 35 U.S.C. § 103(a) Rejections of Claims 7, 8, 13-16 and 18-19 over Apgar in view of Naval Air. Claims 7, 8, 13-16, and 18-19 are rejected under 35 U.S.C. § 103(a)

as being unpatentable over Apgar in view of "Annual Environmental Performance Report: Naval Air Engineering Station Lakehurst New Jersey," October 30, 2002 (hereinafter, "Naval Air").

As claim 1 is neither anticipated by, nor obvious over Apgar, claim 7, 8, 13, and 14, which all depend from claim 1, are also novel and non-obvious over Apgar. Additionally, the combination of Apgar and Naval Air does not teach each and every element of these claims. Additionally, Apgar is focused on the real estate's proximity to toxic waste and radon sites. There is no mention in Apgar or Naval Air of assessing the property's future compliance with environmental laws and regulations as is required by claims 7, 8, 13, and 14 due to their dependency from claim 1. Accordingly, as Naval Air and Apgar do not teach all the elements of claims 7, 8, 13, and 14, these claims are non-obvious over Apgar in view of Naval Air under 35 U.S.C. § 103.

Additionally, Claim 7 requires that the indicators be reviewed and adjusted by a knowledgeable person. Naval Air does not teach that indicators are reviewed and adjusted by a knowledgeable person. Naval Air merely performs an audit and lists the result of that audit. Therefore the combination of Apgar and Naval Air do not contain all of the elements of claim 7 and claim 7 is non-obvious over Apgar in view of Naval Air under 35 U.S.C. § 103.

Claim 13 requires that the report comprise a listing of required environmental permits. Examiner cites Naval Air sections 4.3 to 5.8 as listing of environmental permits. Sections 4.3 to 5.8 do not list any environmental permits required by the station in Naval Air. Naval Air section 4.3 shows releases of certain materials that exceeded the amount allowed under a permit or license. However, this is not the same as listing all the

required environmental permits. The remaining sections of Naval Air cited by Examiner also do not list the required environmental permits. The EPCRA listed in section 5.8 is not a permit; it is a reference to the Emergency Planning & Community Right-to-Know Act (EPCRA). In fact Naval Air does not even list the permits that have been violated. Instead, it lists the incidents which violated permits and/or license and the amount by which the permits and/or licenses were violated. Accordingly, the combination of Apgar and Naval Air do not contain all the elements of claim 13 and therefore that claim is non-obvious over Apgar in view of Naval Air under 35 U.S.C. § 103.

With regard to claim 15, Examiner states that "it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the financial assistance in Apgar with the review by an auditor or other knowledgeable person in Naval Air because of the need to identify areas of nonconformance." Apgar does not teach performing an evaluation on environmental risk as it is defined in the patent specification. Environmental risk is defined as the potential costs and/or liabilities that may be incurred in the future, discounted by the likelihood of such costs and/or liabilities acutally occurring. (*See*, Pat. Application, page 7, line 20-page 8, line 2). Apgar teaches performing an evaluation of the proximity of the property to registered hazardous sites as compared to similarly situated businesses and/or physical properties to determine the profitability of a business located on a particular piece of property or the physical property itself. Naval Air also does not teach performing an evaluation to assess environmental risk as it is defined in the patent specification. Accordingly, the combination of Apgar and Naval Air do not contain all the elements of claim 15 and it is therefore non-obvious over Apgar in view of Naval Air under 35 U.S.C. § 103.

As claim 15 is non-obvious over Apgar in view of Naval Air under 35 U.S.C. § 103, all claims depending from claim 15 are also non-obvious over these references. Accordingly, claims 16 and 18 are also non-obvious over Apgar in view of Naval Air under 35 U.S.C. § 103 for the reasons stated above.

Additionally, for claim 18, Examiner states that "it would have been obvious to one of ordinary skill in the art at the time of the invention to combine the financial assistance in Apgar with the managerial structure of Naval Air because of the need to have more employees to carry out reviews." Claim 18 requires that the auditor have personnel at one or more regional offices and a headquarters and that at least a portion of the environmental audit is performed at the regional office and reported back to the headquarters. This requires that there be multiple offices at different locations. Naval Air merely teaches that an auditor performs an environmental evaluation and then reports to the commander of the station. Naval Air does not teach reporting of part of the environmental audit to a headquarters that is located in a separate location from the regional office. Therefore, in addition to the reasons listed above, the combination of Apgar and Naval Air does not result in all the elements of claim 18. Accordingly, claim 18 is non-obvious over Apgar in view of Naval Air under 35 U.S.C. § 103.

With regard to claim 19, Examiner states that "it would have been obvious to one of ordinary skill at the time of the invention to combine the insurance company services in Apgar with the review by an auditor or other knowledgeable person in Naval Air because of the need to identify areas of nonconformance." As stated above in regards to claim 15, Apgar does not teach performing an evaluation on environmental risk as it is defined in the patent specification. Environmental risk is defined as the potential costs

and/or liabilities that may be incurred in the future, discounted by the likelihood of such costs and/or liabilities acutally occurring. (*See*, Pat. Application, page 7, line 20-page 8, line 2). Apgar teaches performing an evaluation of the proximity of the property to registered hazardous sites as compared to similarly situated businesses and/or physical properties to determine the profitability of a business located on a particular piece of property or the physical property itself. Naval Air also does not teach performing an evaluation to assess environmental risk as it is defined in the patent specification. Accordingly, the combination of Apgar and Naval Air do not contain all the elements of claim 19 and it is therefore non-obvious over Apgar in view of Naval Air under 35 U.S.C. § 103.

For the reasons stated above, applicant respectfully requests that Examiner withdraw the rejections of claims 7, 8, 13-16, 18, and 19 under 35 U.S.C. § 103.

8. Conclusion. Based on the above amendments and remarks, I believe that all of the claims remaining in the case are allowable and an early Notice of Allowability is respectfully requested. If the Examiner believes a telephone conference will expedite the disposition of this matter, she is respectfully invited to contact this attorney at the number shown below.

Respectfully submitted,

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